

TOWNSHIP OF TURIN
Marquette County, Michigan

FINANCIAL REPORT

March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Twin Township</u>	County <u>Marquette</u>
Audit Date <u>3-31-04</u>	Opinion Date <u>7-16-04</u>	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <u>Anderson, Tackman, Co., P.C.</u>			
Street Address <u>901 Ludington Street</u>		City <u>Escanaba</u>	State <u>MI</u>
Accountant Signature <u>[Signature]</u> CPA		ZIP <u>49829</u>	Date <u>7/16/04</u>

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal
Alan M. Stotz, CPA, Principal
Raymond B. LaMarche, CPA, Principal
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA
Lindsay J. Behrend, CPA

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Township of Turin
Marquette County, Michigan

We have audited the accompanying financial statements of the Township of Turin, Marquette County, Michigan, as of March 31, 2004, and for the year then ended. These financial statements are the responsibility of the Township of Turin's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the Township of Turin prepares its financial statements on a cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements referred to above do not include a financial statement of the General Fixed Assets Group of Accounts. A General Fixed Assets Group of Accounts which reflects all general fixed assets of the Township is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of the Township of Turin, Marquette County, Michigan, as of March 31, 2004, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note A.

Honorable Supervisor and Township Board
Township of Turin

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Turin Township. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tackman & Company P.C.

Certified Public Accountants

July 16, 2004

TOWNSHIP OF TURIN

ALL FUND TYPES
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND
FUND EQUITY - CASH BASIS

March 31, 2004

	<u>Govern- mental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Agency</u>	
<u>ASSETS</u>			
Cash on hand	\$ 20	\$ -	\$ 20
Cash and equivalents	<u>200,370</u>	<u>7,960</u>	<u>208,330</u>
TOTAL ASSETS	<u>\$ 200,390</u>	<u>\$ 7,960</u>	<u>\$ 208,350</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Due to other governmental units	\$ -	\$ 7,960	\$ 7,906
FUND EQUITY:			
Fund balance	<u>200,390</u>	<u>-</u>	<u>200,390</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 200,390</u>	<u>\$ 7,960</u>	<u>\$ 208,350</u>

See accompanying notes to financial statements.

TOWNSHIP OF TURIN

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Taxes	\$ 3,900	\$ 5,099	\$ 1,199
State revenue sharing	9,600	9,734	134
Swampland and commercial forest reserve taxes	33,300	33,500	200
Interest and dividends	3,000	3,831	831
Miscellaneous	175	1,450	1,275
TOTAL REVENUES	<u>49,975</u>	<u>53,614</u>	<u>3,639</u>
EXPENDITURES:			
Legislative	7,900	7,443	457
Executive	2,550	2,228	322
Clerk	3,800	3,366	434
Treasurer	5,800	5,198	602
Assessment	750	655	95
Board of Review	700	527	173
Street lighting	2,500	2,076	424
Sanitation	25,400	13,402	11,998
Election Board	1,100	-	1,100
Building and grounds	6,700	4,138	2,562
Cemetery	4,000	3,802	198
Road and bridge maintenance	10,000	1,236	8,764
Other general government	7,900	3,625	4,275
Capital outlay	14,500	3,901	10,599
TOTAL EXPENDITURES	<u>93,600</u>	<u>51,597</u>	<u>42,003</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ (43,625)</u>	2,017	<u>\$ 45,642</u>
Fund balance, beginning of year		<u>198,373</u>	
FUND BALANCE, END OF YEAR		<u>\$ 200,390</u>	

See accompanying notes to financial statements.

TOWNSHIP OF TURIN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township's combined statement of assets, liabilities, and fund equity - cash basis includes the accounts and funds of all Township operations. The Township was organized under the provisions of the Michigan constitution. The Township is operated under a commission form of government and provides services in the following areas: sanitation, roads, public improvements, and general administrative services.

The accounts of the Township have been maintained in accordance with the balanced fund principles of accounting for governmental units. The following is a summary of the more significant policies:

(1) Fund Accounting - The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial report into two generic fund types within two broad fund categories as follows:

GOVERNMENTAL FUND TYPE

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

FIDUCIARY FUND TYPE

Agency Funds - Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Tax Collection Fund is the only Agency Fund of the Township.

(2) Basis of Accounting - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. All governmental fund types are reported using the cash basis of accounting. The cash basis method dictates that revenues be recorded when cash is collected and expenditures be recorded when cash is disbursed. The cash basis method is not a generally accepted reporting method under generally accepted accounting principles for governmental units.

(3) Budgets and Budgetary Accounting - The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

TOWNSHIP OF TURIN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- a. Prior to December 1, the Township Clerk submits to the Township Board a proposed operating budget of the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
 - b. Prior to the beginning of the next fiscal year the budget is legally enacted through passage of an ordinance.
 - c. Budgets for the Township are adopted on the cash basis which is not consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted by the Township Board.
- (4) Property Taxes - Property taxes levied attach as an enforceable lien on property. The Township bills and collects its own property taxes for the local school district, the intermediate school district, the Tri-Township Fire Board, and the County. Collections and remittances for all taxes are accounted for in the Agency Fund. Township property tax revenues are recognized when collected in accordance with the cash basis method of accounting.
- (5) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (6) Total Column of Combined Statement - Overview - Total column on the combined statement is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND EQUIVALENTS

The composition of cash and equivalents as reported on the Combined Statement of Assets, Liabilities, and Fund Equity - Cash Basis is presented below:

Deposits:	
Checking account	\$ 7,900
Savings account	180,430
Certificate of deposit	<u>20,000</u>
TOTAL CASH AND EQUIVALENTS	<u>\$ 208,330</u>

TOWNSHIP OF TURIN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE B - CASH AND EQUIVALENTS (continued)

State statutes authorize the Township to deposit and invest in the following:

- a. bonds and other direct obligations of the United States or its agencies
- b. certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be the depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146)
- c. commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time
- d. United States government or Federal agency obligation repurchase agreements
- e. bankers' acceptance of United States banks
- f. mutual funds composed of investments which are legal for direct investments by local units of government in Michigan. All deposits are in accordance with statutory authority.
- g. investments accumulated under an eligible deferred compensation plan may be placed, at the authorization of a governing body with a financial institution authorized to do business in this state, a state or federally licensed investment company or insurance company authorized to do business in this state, or trust established by public employers for the investment of deferred compensation or retirement plans.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

All deposits are carried at cost and are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

<u>Deposits</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured	\$ 168,299	\$ 127,900
Uninsured	<u>78,975</u>	<u>80,430</u>
TOTAL	<u>\$ 247,274</u>	<u>\$ 208,330</u>

TOWNSHIP OF TURIN

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE C - EMPLOYEE'S RETIREMENT SYSTEM

The Township has a defined contribution pension plan covering all of its general employees. The plan is administered by the Municipal Retirement Systems, Inc. The Township makes contributions annually based upon 6 percent of current employee earnings.

Current year contributions to the plan were \$1,892. The additional plan information required by GASB Statement #5 is not available.

NOTE D - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The Township maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township.

The Township has had no significant reduction in insurance coverage over the past three years.

SUPPLEMENTARY INFORMATION

TOWNSHIP OF TURIN

GENERAL FUND
STATEMENT OF REVENUES - CASH BASIS - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Taxes:			
Delinquent taxes	\$ 700	\$ 712	\$ 12
Current property tax	<u>3,200</u>	<u>4,387</u>	<u>1,187</u>
Total Taxes	<u>3,900</u>	<u>5,099</u>	<u>1,199</u>
State revenue sharing:			
Sales tax	<u>9,600</u>	<u>9,734</u>	<u>134</u>
Swampland and commercial forest reserve taxes:			
Swamp taxes	33,000	33,249	249
CFA	<u>300</u>	<u>251</u>	<u>(49)</u>
Total Swampland and Commercial Forest Reserve Taxes	<u>33,300</u>	<u>33,500</u>	<u>200</u>
Interest and dividends	<u>3,000</u>	<u>3,831</u>	<u>831</u>
Miscellaneous:			
Reimbursement and refund	100	1,299	1,199
Dues for transfer stations use	-	26	26
Rentals	<u>75</u>	<u>125</u>	<u>50</u>
Total Miscellaneous	<u>175</u>	<u>1,450</u>	<u>1,275</u>
TOTAL REVENUES	<u>\$ 49,975</u>	<u>\$ 53,614</u>	<u>\$ 3,639</u>

See accompanying notes to financial statements.

TOWNSHIP OF TURIN

GENERAL FUND
STATEMENT OF EXPENDITURES - CASH BASIS - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Legislative - Township Board:			
Salaries	\$ 1,400	\$ 1,324	\$ 76
Insurance	6,000	5,611	389
MCTA and MTA	500	304	196
Mileage	-	204	(204)
Total Legislative	<u>7,900</u>	<u>7,443</u>	<u>457</u>
Executive - Supervisor:			
Salary	2,300	2,095	205
Mileage	150	133	17
Supplies	<u>100</u>	<u>-</u>	<u>100</u>
Total Executive	<u>2,550</u>	<u>2,228</u>	<u>322</u>
Clerk:			
Salaries:			
Clerk	2,300	2,236	64
Deputy Clerk	1,200	1,130	70
Mileage	100	-	100
Supplies	<u>200</u>	<u>-</u>	<u>200</u>
Total Clerk	<u>3,800</u>	<u>3,366</u>	<u>434</u>
Treasurer:			
Salary	3,200	2,958	242
Supplies	800	763	37
Mileage	300	185	115
Contractual services	<u>1,500</u>	<u>1,292</u>	<u>208</u>
Total Treasurer	<u>5,800</u>	<u>5,198</u>	<u>602</u>
Assessment	<u>750</u>	<u>655</u>	<u>95</u>
Board of Review:			
Salaries	600	480	120
Expenses	<u>100</u>	<u>47</u>	<u>53</u>
Total Board of Review	<u>700</u>	<u>527</u>	<u>173</u>
Street lighting	<u>2,500</u>	<u>2,076</u>	<u>424</u>

(continued)

TOWNSHIP OF TURIN

GENERAL FUND
STATEMENT OF EXPENDITURES - CASH BASIS - BUDGET AND ACTUAL

For the year ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sanitation:			
Building	\$ 5,000	\$ -	\$ 5,000
Wages	15,000	10,375	4,625
Contractual services	5,000	2,830	2,170
Utilities	400	197	203
Total Sanitation	<u>25,400</u>	<u>13,402</u>	<u>11,998</u>
Election Board:			
Salary	800	-	800
Expenses	100	-	100
Travel	200	-	200
Total Election Board	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Building and grounds:			
Community building:			
Supplies and maintenance	1,500	359	1,141
Telephone	500	359	141
Utilities	3,500	2,717	783
Wages	1,200	703	497
Total Building and Grounds	<u>6,700</u>	<u>4,138</u>	<u>2,562</u>
Cemetery	<u>4,000</u>	<u>3,802</u>	<u>198</u>
Road and bridge maintenance	<u>10,000</u>	<u>1,236</u>	<u>8,764</u>
Other general government:			
Emergency vehicle dispatch	200	156	44
Miscellaneous	3,000	893	2,107
Retirement	3,000	1,892	1,108
Accounting and auditing	1,000	275	725
Payroll taxes	700	409	291
Total Other General Government	<u>7,900</u>	<u>3,625</u>	<u>4,275</u>
Capital outlay	<u>14,500</u>	<u>3,901</u>	<u>10,599</u>
TOTAL EXPENDITURES	<u>\$ 93,600</u>	<u>\$ 51,597</u>	<u>\$ 42,003</u>

See accompanying notes to financial statements.

TOWNSHIP OF TURIN

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - CASH BASIS

For the year ended March 31, 2004

	<u>Balance</u> <u>04/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>03/31/04</u>
<u>TAX COLLECTION</u> <u>FUND</u>				
ASSETS:				
Cash	\$ 96	\$ 116,454	\$ 108,590	\$ 7,960
TOTAL ASSETS	<u>\$ 96</u>	<u>\$ 116,454</u>	<u>\$ 108,590</u>	<u>\$ 7,960</u>
LIABILITIES:				
Due to CFR	\$ -	\$ 7,863	\$ -	\$ 7,863
Due to interest and over payments	96	162	161	97
Due to Township	-	3,723	3,723	-
Due to Mid Peninsula	-	62,853	62,853	-
Due to County	-	18,217	18,217	-
Due to Intermediate School District	-	4,390	4,390	-
Due to Tri-Township Fire Department	-	3,246	3,246	-
Due to State	-	16,000	16,000	-
TOTAL LIABILITIES	<u>\$ 96</u>	<u>\$ 116,454</u>	<u>\$ 108,590</u>	<u>\$ 7,960</u>

See accompanying notes to financial statements.



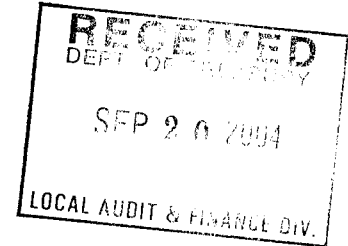
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Kevin C. Pascoe, CPA
Lindsay J. Behrend, CPA

REPORT TO MANAGEMENT



Members of the Township Board
Township of Turin
Marquette County, Michigan

Audit Committee Communications

We have audited the financial statements of the Township of Turin, Marquette County, for the year ended March 31, 2004, and have issued our reports thereon dated July 16, 2004. Our professional standards require that we make several communications to you, the purpose of which is to assist you with additional information regarding the scope and results of the audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

Our Responsibility Under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Township of Turin. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for the selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Turin are described in Note A of the financial statements.

Significant Accounting Policies (continued)

No new accounting policies were adopted and the application of existing policies were not changed during the fiscal year. We noted no transactions entered into by the Township of Turin during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Our audit adjustments, individually and in the aggregate, do not have a significant effect on the financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to our satisfaction concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements of the Township of Turin, or a determination of the type of auditor's opinion to be expressed on those statements, our professional standards require the consulting accountant advise us so we may determine if the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Comments and Suggestions

In planning and performing our audit of financial statements of the Township of Turin for the year ended March 31, 2004, we considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on financial statements and not to provide assurance on the internal control structure.

Members of the Township Board
Township of Turin
Page 3

However, during our audit we became aware of matters that were opportunities for strengthening internal controls an/or operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated July 16, 2004 on the financial statements of the Township of Turin.

We have already discussed many of these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Anderson, Tackman & Company P.A.C.
Certified Public Accountants

July 16, 2004

TOWNSHIP OF TURIN

COMMENTS AND RECOMMENDATIONS

March 31, 2004

FIXED ASSETS

A fixed asset group of accounts, as required by generally accepted accounting principles, should be maintained to account for the cost of all land, buildings, and equipment owned by the Township.

NEW FINANCIAL REPORTING MODEL

Governmental Accounting Standards Board (GASB) Statement of Governmental Accounting Standards No. 34, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" was recently released. The statement established new financial reporting requirements for state and local governments throughout the United States. When implemented, it will create new information and will restructure much of the information that governments have presented in the past. The GASB developed the new requirements to make annual reports more comprehensive and easier to understand and use. We have highlighted some of the major changes below for your information.

The statement requires governments to continue to present financial statements that provide information about funds; however, governments will now be required to report information about their most important, or "major" funds. Additionally, governments will require to continue to provide budgetary comparison information in their annual reports; however, added to that comparison will be the original budget.

Also required by the statement is management's discussion and analysis (referred to as MD&A). For the first time, financial managers will be asked to share their insights in a required MD&A by giving readers an objective and easily readable analysis of the government's financial performance for the year. This analysis should provide users with the information they need to help them assess whether the government's financial position has improved or deteriorated as a result of the year's operations.

The use of account groups, namely the General Fixed Asset Account Group and the General Long-Term Debt Account Group, will be discontinued. Capital assets and long-term debt will be reported with other assets and liabilities of the governmental unit in a required "Statement of Net Assets." Capital assets will now be depreciated with depreciation expense reported in a required "Statement of Activities." Costs for infrastructure will be required to be capitalized and depreciated along with the more commonly known capital assets.

The requirements of this statement are effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. Governments with revenues of \$100 million should apply the statement for periods beginning after June 15, 2001, governments with revenues of \$10 million to \$100 million for periods beginning after June 15, 2004 and governments with revenues of \$10 million and less for periods beginning after June 15, 2003, but earlier application is encouraged.

TOWNSHIP OF TURIN

COMMENTS AND RECOMMENDATIONS

March 31, 2004

CONTROL ACCOUNTS

The total amount used to close out the revenue control account does not agree with the total of all revenue accounts within the general ledger. This was due to items that were recorded in the receipts ledger (subsidiary ledger) that were not properly carried forward to the general ledger. These circumstances also caused a variance in the fund balance that was recorded in the general ledger.

It is recommended that the clerk reconcile the general ledger and the subsidiary ledger in order to assure completeness and accuracy between the ledgers, and to assure completeness and accuracy in the individual revenue and expenditure accounts.

BANK RECONCILIATIONS

Bank reconciliations are using cut off dates that are subsequent to the month end. It is recommended that the last day of the month be used for these bank reconciliations in order to illustrate a more accurate month-end and year-end cash balance, and this will increase internal controls over cash.

Also, the general and tax account reconciled balances do not agree to the general ledger carrying amounts. It is recommended that these variances be investigated and/or adjusted in order to bring the balances into agreement.